

IOWA AGRICULTURAL
DEVELOPMENT DIVISION

IADD BOARD MEETING MINUTES

Iowa Finance Authority
2015 Grand Avenue, Des Moines, Iowa
May 27, 2015

Board Members Present

Mark Leonard, Chair	John Fredrickson
Lyle Borg, Vice Chair	Annette Townsley
Stacie Euken	

Board Members Absent

None

Staff Members Present

Lori Beary, Community Development Director	Tim Jansen, Accounting Manager
Steve Ferguson, IADD Program Specialist	Tammy Nebola, IADD Program Specialist
Cindy Harris, CFO	

Others Present

Dave Claypool, Dorsey & Whitney

CALL TO ORDER

The meeting of the Iowa Agricultural Development Division (IADD) Board of Directors was called to order by Chair Leonard on May 27, 2015 at 8:33 am. A quorum was established with the following Board Members present: Leonard, Borg, Euken, Fredrickson and Townsley.

REVIEW OF MINUTES OF APRIL 22, 2015 BOARD MEETING

Mr. Leonard presented the minutes of the April 22, 2015 IADD Board Meeting. Mr. Leonard asked if there were any additions or corrections to the minutes. Ms. Townsley noted that Dave Claypool needed to be added to the minutes as he attended the meeting via conference call.

MOTION

On a motion by Mr. Fredrickson and a second by Mr. Borg, the Board unanimously approved the minutes of the April 22, 2015 IADD Board meeting as amended.

REVIEW OF APRIL 2015 FINANCIAL STATEMENT

Tim Jansen presented the April 2015 financials. He stated that for FY15 year-to-date, IADD had operating income of \$395,327 operating expense of \$355,165 and net operating income of \$40,162.

MOTION

On a motion by Mr. Borg and a second by Ms. Euken, the Board unanimously approved the April 2015 financial statement as presented.

REVIEW OF FY16 BUDGET

The FY16 IADD budget was reviewed by Mr. Jansen. Income and expense are anticipated to each increase slightly in FY16 with net operating income of \$8,700 at the end of the year. Tim explained how expenses were allocated to each division.

Mr. Leonard asked about reinvesting some of the assets back in CDs to get a better interest rate than we receive at the Treasurer's office. Mr. Jansen said he would explore CD rates and bring that information back to the Board.

MOTION

On a motion by Mr. Fredrickson and a second by Ms. Euken, the Board unanimously approved the FY16 IADD Budget.

LOAN PARTICIPATION PROGRAM

Tammy Nebola presented information on the following loan participation applications.

P0197 – Gabrielle and Marcus Clarahan. The LPP application is for \$117,000. The borrowers will construct a 2,400-head hog nursery building. Total project cost is \$410,000. They have also applied for a BFLP for \$250,000. The bank is Libertyville Savings Bank in Keota.

MOTION

On a motion by Ms. Townsley and a second by Mr. Borg, the Board unanimously approved the loan participation for Gabrielle and Marcus Clarahan subject to getting a guarantee of the debt and each payment from their parents.

P0198 – Samuel Showalter. The LPP application is for \$150,000. The borrower will construct a 2400-head hog finishing building. Total project cost is \$670,000. The bank is Hampton State Bank in Hampton.

MOTION

On a motion by Mr. Borg and a second by Mr. Fredrickson, the Board unanimously approved the loan participation for Samuel Showalter subject to getting an assignment of the feeding contract.

P0199 – Josiah Crile. The LPP application is for \$18,750. The borrower will purchase a tractor and mower conditioner. Total project cost is 62,500. He has also applied for a BFLP for \$43,750. The bank is Federation Bank in Brighton.

MOTION

On a motion by Ms. Townsley and a second by Mr. Borg, the Board unanimously approved the loan participation for Josiah Crile.

BEGINNING FARMER LOAN AMENDING RESOLUTIONS

Tammy Nebola presented the following resolutions to adjust the terms and conditions on closed BFLP projects:

Resolution 4429M – Kyle and April Maas – US Bank in Boone is the lender. The amendment will lower the interest rate from 4.35% to 3.82% until April 29, 2025 at which time the rate will adjust to the original index of 85% of 2.5% over the 5-year Treasury Rate adjustable every 5 years. Due to the rate decrease, the monthly payment amount will decrease from \$374.32 to \$287.23 beginning April 29, 2015. The rate floor will decrease from 4.35% to 3.82%. All other loan terms will remain the same.

Resolution 4517M – Troy and Sarah VandeHoef – Bank Midwest in Spirit Lake is the lender. The amendment release approximately 5 acres of the original 80 acres so a hog confinement building can be constructed on the 5 acre tract. All other loan terms will remain the same.

Resolution 4518M – Benjamin Olson – US Bank in Cedar Rapids is the lender. The amendment will decrease the rate floor from 4% to 3%. All other loan terms will remain the same.

The Board asked staff to see if the VandeHoefs would be eligible to use the BFLP for their hog building.

MOTION

On a motion by Ms. Townsley and a second by Ms. Euken, the Board unanimously approved the Beginning Farmer Loan Program Amending Resolutions.

BEGINNING FARMER LOAN APPLICATIONS

Tammy Nebola introduced the following applications for Beginning Farmer loans:

AG 15-028 – Tyler and Kylie Petty – Beginning farmer loan of \$70,000 to construct a machine shed in Plymouth County. The loan will have a fixed interest rate of 4.5% and a loan length of 20 years. The lender is Northwest Bank in Le Mars, Iowa.

AG 15-029 – Drew Kellen – Beginning farmer loan of \$250,000 to construct a 1,200-head hog finishing building in Plymouth County. The loan will have a variable interest rate of 3.45% and a loan length of 15 years. The index will be equal to the 5-year CMT plus 2.75% times 85%. The lender is American Bank in Le Mars, Iowa.

AG 15-030 – Gabrielle and Marcus Clarahan – Beginning farmer loan of \$250,000 to construct a 2,400-head hog nursery building in Keokuk County. The loan will have a fixed interest rate of 3.8% and a loan length of 12 years. The lender is Libertyville Savings Bank in Keota, Iowa.

AG 15-031 – Brian and Amanda Streeper – Beginning farmer loan of \$91,800 to purchase approximately 60 acres of agricultural land in Allamakee County. The loan will have a variable interest rate of 2.95% and a loan length of 30 years. The index will be 70% of the bank's 5-year farm real estate loan rate. The lender is New Albin Savings Bank in New Albin, Iowa

AG 15-032 – Melvin Borntrager – Beginning farmer loan of \$166,000 to purchase approximately 33.26 acres of agricultural land in Washington County. The loan will have a variable interest rate of 3.64% and a loan length of 30 years. The index will be 100% of the 1-year Treasury rate plus 3%. The lender is Hills Bank and Trust Company in Kalona, Iowa.

AG 15-034 – Josiah Crile – Beginning farmer loan of \$43,750 to purchase a tractor and mower conditioner in Henry County. The loan will have a variable interest rate of 3.42% and a loan length of 7 years. The index will be 75% of the bank's machinery rate. The lender is Federation Bank in Brighton, Iowa.

MOTION

On a motion by Mr. Borg and a second by Ms. Townsley, the Board recommended approval of the BFLP applications.

PUBLIC HEARING ON BEGINNING FARMER LOANS

A public hearing was held by the IADD Board at the Iowa Finance Authority office on May 27, 2015 at 9:16 am. There were no comments received regarding the Beginning Farmer Loan applications. The public hearing was closed at 9:17 am.

MOTION

On a motion by Ms. Townsley and a second by Ms. Euken, the Board unanimously recommended approval of the BFLP Bond documents.

BEGINNING FARMER TAX CREDIT APPLICATIONS

Steve Ferguson presented a summary of the Beginning Farmer Tax Credit applications. There were 25 new BFTC applications for an estimated tax credit amount of \$124,172. He noted that of those, 20 are cash rent, 4 are crop share and 1 is a hybrid lease.

MOTION

On a motion by Ms. Euken and a second by Mr. Fredrickson, the Board unanimously recommended approval of the Beginning Farmer Tax Credit applications as presented.

MARKETING UPDATE

Included in the Board packet is the IADD marketing calendar. Mr. Ferguson reviewed some of the recent events he's attended. Steve has been working with the Institute for Coops to get information distributed to their members. Stacie suggested using the Agribusiness Association of Iowa directory for contact information for coops.

FUTURE IADD BOARD MEETINGS

The June IADD Board meeting will be Wednesday, June 24, 2015 at 10:30 in Le Mars. Invitations will be sent to the Iowa Society of CPA's, Iowa Bankers Association, Community Bankers of Iowa and the Iowa State Bar Association to distribute to their members. We will also email invitations to all IADD contacts. The agenda was discussed.

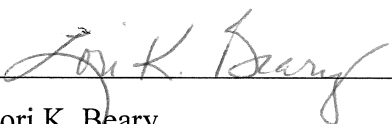
The Board decided that the August IADD Board meeting will be Friday, August 21 at 9:30 am in the IFA office.

ADJOURNMENT

On a motion by Mr. Fredrickson and a second by Ms. Townsley, the May 27, 2015 meeting of the IADD Board of Directors adjourned at 9:40 am.

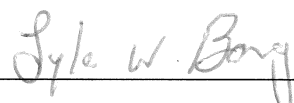
Dated this 24th day of June, 2015.

Respectfully submitted:



Lori K. Beary
Director's Designee/Board Secretary

Approved as to form:



Lyle W. Borg, Vice Chair
IADD Board